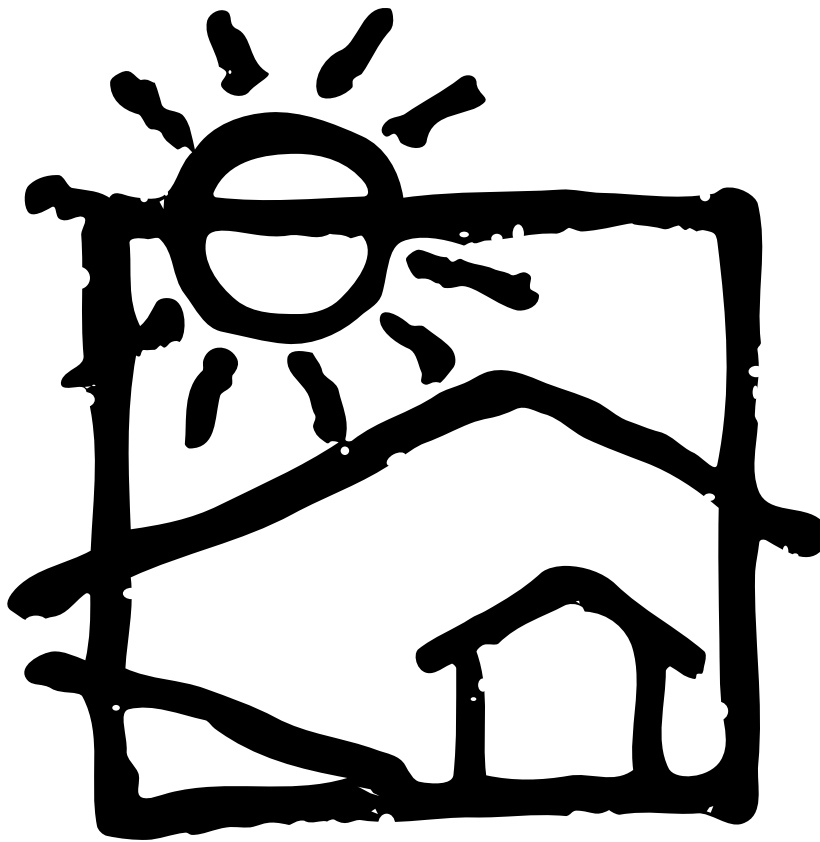


Rancho Peñasquitos

Public Facilities Financing Plan and
Facilities Benefit Assessment

Fiscal Year 2006



THE CITY OF SAN DIEGO

December 2005
Planning Department
Facilities Financing

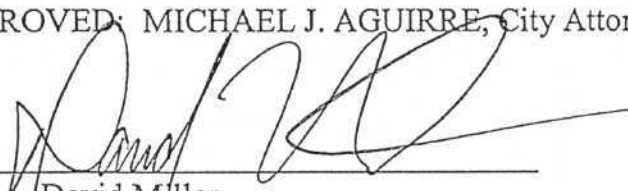
RESOLUTION NUMBER R- 301135

ADOPTED ON DEC 06 2005

RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO DESIGNATING AN AREA OF BENEFIT IN RANCHO PENASQUITOS AND THE BOUNDARIES THEREOF, CONFIRMING THE DESCRIPTION OF PUBLIC FACILITIES PROJECTS, THE COMMUNITY FINANCING PLAN AND CAPITAL IMPROVEMENT PROGRAM WITH RESPECT TO PUBLIC FACILITIES PROJECTS, THE METHOD FOR APPORTIONING THE COSTS OF THE PUBLIC FACILITIES PROJECTS AMONG THE PARCELS WITHIN THE AREA OF BENEFIT AND THE AMOUNT OF THE FACILITIES BENEFIT ASSESSMENTS CHARGED TO EACH SUCH PARCEL, THE BASIS AND METHODOLOGY FOR ASSESSING AND LEVYING DISCRETIONARY AUTOMATIC ANNUAL INCREASES IN FACILITIES BENEFIT ASSESSMENTS, AND PROCEEDINGS THERETO, AND ORDERING OF PROPOSED PUBLIC FACILITIES PROJECT IN THE MATTER OF RANCHO PENASQUITOS FACILITIES BENEFIT ASSESSMENT AREA.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By



David Miller
Deputy City Attorney

DM:cfq
10/11/05
Or.Dept:Plan./Fac.Fin.
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MMS#2606

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TABLE OF CONTENTS

INTRODUCTION.....	1
AUTHORITY	1
PREVIOUS UPDATE TO FINANCING PLAN	1
SCOPE OF REPORT	1
TIMING AND COST OF FACILITIES	1
FBA PROCEDURE.....	2
METHODOLOGY OF THE FBA.....	2
AREA OF BENEFIT AND PROJECTED LAND USES.....	3
AREA OF BENEFIT	3
DEVELOPMENT SCHEDULE.....	3
ASSESSMENTS.....	7
ASSESSMENT METHODOLOGY – EDU RATIOS	7
DETERMINATION OF ASSESSMENT RATES.....	7
CASH FLOW ANALYSIS	9
AUTOMATIC ANNUAL INCREASES.....	9
ASSESSMENT ROLL DESCRIPTION	10
COMMERCIAL DEVELOPMENT.....	10
CONTRIBUTIONS BY THE CITY.....	10
PUBLIC FACILITIES FINANCING PLAN	14
PURPOSE	14
DEVELOPMENT FORECAST AND ANALYSIS	14
CAPITAL IMPROVEMENT PROGRAM.....	15
FUTURE PUBLIC FACILITY NEEDS	15
UPDATED PROJECT COSTS	15
CHANGES TO CAPITAL IMPROVEMENT PROJECT LIST	16
FINANCING STRATEGY.....	16
FACILITIES BENEFIT ASSESSMENT (FBA).....	16
GENERAL ASSUMPTIONS AND CONDITIONS	18
APPENDIX.....	141
PEÑASQUITOS EAST TRANSPORTATION PHASING PLAN	142
ASSESSMENT LISTING FOR RANCHO PEÑASQUITOS – FISCAL YEAR 2006.....	145
SPECIAL FUNDS.....	147
PARK VIEW ESTATES DEVELOPMENT AGREEMENT	147
PEÑASQUITOS EAST - TRUST FUND.....	148
PEÑASQUITOS EAST - PARK DEVELOPMENT FUND.....	149
BLACK MOUNTAIN RANCH DEVELOPMENT AGREEMENT	150
FUTURE COMMUNITY IMPROVEMENT PROJECT CONSIDERATIONS.....	151

TABLES

TABLE 1 – REMAINING DEVELOPMENT (FY 06 – FY10)	3
TABLE 2 - DEVELOPMENT SCHEDULE	4
TABLE 3 - FY 2006 ASSESSMENT RATE	8
TABLE 4 - FACILITIES BENEFIT ASSESSMENTS	8
TABLE 5 - LOS ANGELES/SAN DIEGO CONSTRUCTION COST INDEX	11
TABLE 6 - SAN DIEGO CONSUMER PRICE INDEX	11
TABLE 7 - RANCHO PEÑASQUITOS CASH FLOW	13
TABLE 8 – RANCHO PEÑASQUITOS PUBLIC FACILITIES PROJECT SUMMARY	21

FIGURES

FIGURE 1 – AREA OF BENEFIT	5
FIGURE 2 – CAPITAL IMPROVEMENTS PROGRAM	23

This information will be made available in alternative formats upon request. To request a financing plan in an alternative format, call the Planning Department, Facilities Financing Section, at (619) 533-3670.

To view this document online, visit the Planning Department on the City of San Diego website at <http://www.sandiego.gov/planning/facilitiesfinancing/index.shtml>.

Introduction

Authority

This financing plan implements the improvement requirements set forth in the twelfth adjustment of Facilities Benefit Assessments (FBA) as provided for in Section 61.2212 of the San Diego Municipal Code. All references in this report to the existing Rancho Peñasquitos Public Facilities Financing Plan and Facilities Benefit Assessment are in reference to the Rancho Peñasquitos Public Facilities Financing Plan and Facilities Benefit Assessment, FY 2004, July 2003, and amended in September 2003 and August 2004. The latest amendment was adopted by the City Council on August 10, 2004.

Previous Update to Financing Plan

On July 15, 2003, by Resolution R-298195, the San Diego City Council adopted the Rancho Peñasquitos Public Facilities Financing Plan and Facilities Benefit Assessment, Fiscal Year 2004. On September 23, 2003 and August 10, 2004, this Plan was subsequently amended to include and provide funding for the Rancho Peñasquitos Skate Park (project RP-38, page 124).

Scope of Report

The Fiscal Year 2006 Rancho Peñasquitos Public Facilities Financing Plan identifies the public facilities that will be needed over the next five years, during which ultimate community development is expected. This report also includes the revised Facilities Benefit Assessment (FBA) for Rancho Peñasquitos, as required by City Ordinance O-15318. The FBA is established to provide public facilities which will benefit the Rancho Peñasquitos community.

Timing and Cost of Facilities

The public facilities projects to be financed by the Rancho Peñasquitos FBA funds are shown in Table 8, beginning on page 21. Included in the table are:

- Project title;
- Fiscal year in which construction of the project is expected;
- Estimated project costs
- Funding sources.

Project categories include transportation improvements, water and sewer lines, neighborhood parks and recreation, and libraries. Detailed descriptions of the projects which are listed in Table 8 can be found on the project sheets beginning on page 26. The FBA also funds the administrative costs associated with the development, implementation, and operation of the FBA program.

FBA Procedure

City of San Diego Ordinance No.O-15318 was adopted by the City Council on August 25, 1980 to establish the procedure for implementing a Facilities Benefit Assessment (FBA). The FBA provides funding for public facilities projects that serve a designated area, also known as the Area of Benefit. The dollar amount of the assessment is based upon the collective cost of each public facility, and is equitably distributed over the Area of Benefit in the Rancho Peñasquitos community planning area. For more information on an Area of Benefit, see Area of Benefit and Remaining Development beginning on page 3.

Methodology of the FBA

The methodology of the FBA is as follows:

- 1) An FBA Assessment Numerical List (Assessment List) is prepared for Rancho Peñasquitos where each remaining, unimproved parcel or approved map unit in the Area of Benefit is apportioned its share of the total assessment according to the size and anticipated use of the property. Refer to the Assessment Roll Description on page 10 for more information on the Assessment Listing.
- 2) Liens are placed on the undeveloped or under-developed portions of the assessed parcels and final map properties within the Area of Benefit. The owner or developer is responsible to pay only the assessment that applies to the type and amount of development that actually occurs.
- 3) At the time of Building Permit issuance, the owner of the parcel being developed is assessed, an amount which is determined by the type and size of the development permitted according to the FBA assessment schedule in effect at the time the permit is pulled. Owners/developers are not permitted to pay liens in advance of development. FBA assessments are paid directly to the San Diego City Treasurer.
- 4) Assessments are collected and placed into a City Special Fund, which accrues its own interest. These funds are used within the Area of Benefit solely for those capital improvements and administrative costs identified in the Rancho Peñasquitos Public Facilities Financing Plan.

Area of Benefit and Projected Land Uses

Area of Benefit

The City Council initiates proceedings for the designation of an Area of Benefit by adopting a Resolution of Intention. The undeveloped land areas that are within the community boundaries of Rancho Peñasquitos are known as the Area of Benefit. A Facilities Benefit Assessment is applied to undeveloped residential and non-residential property. Figure 1, on page 5 shows the proposed boundaries of the Rancho Peñasquitos Facilities Benefit Assessment Areas or Area of Benefit.

The location and extent of the Area of Benefit is determined by referencing the County Assessor parcel maps, current tentative subdivision maps, and from information supplied by affected property owners. This information, along with land use designations and assessment payment history, provides the data for the Remaining Development shown in Table 1.

Table 1 – Remaining Development (FY 06 – FY10)

Land Use	# of DUs/ Commercial Acreage
Single-Family Residential Units	148
Multi-Family Residential Units	342
Commercial	15.5

Development Schedule

The development schedule for Rancho Peñasquitos is based upon the projections of the existing property owners, their land use consultants, and City staff. Indications are that the remaining development of Rancho Peñasquitos will take place over the next five years.

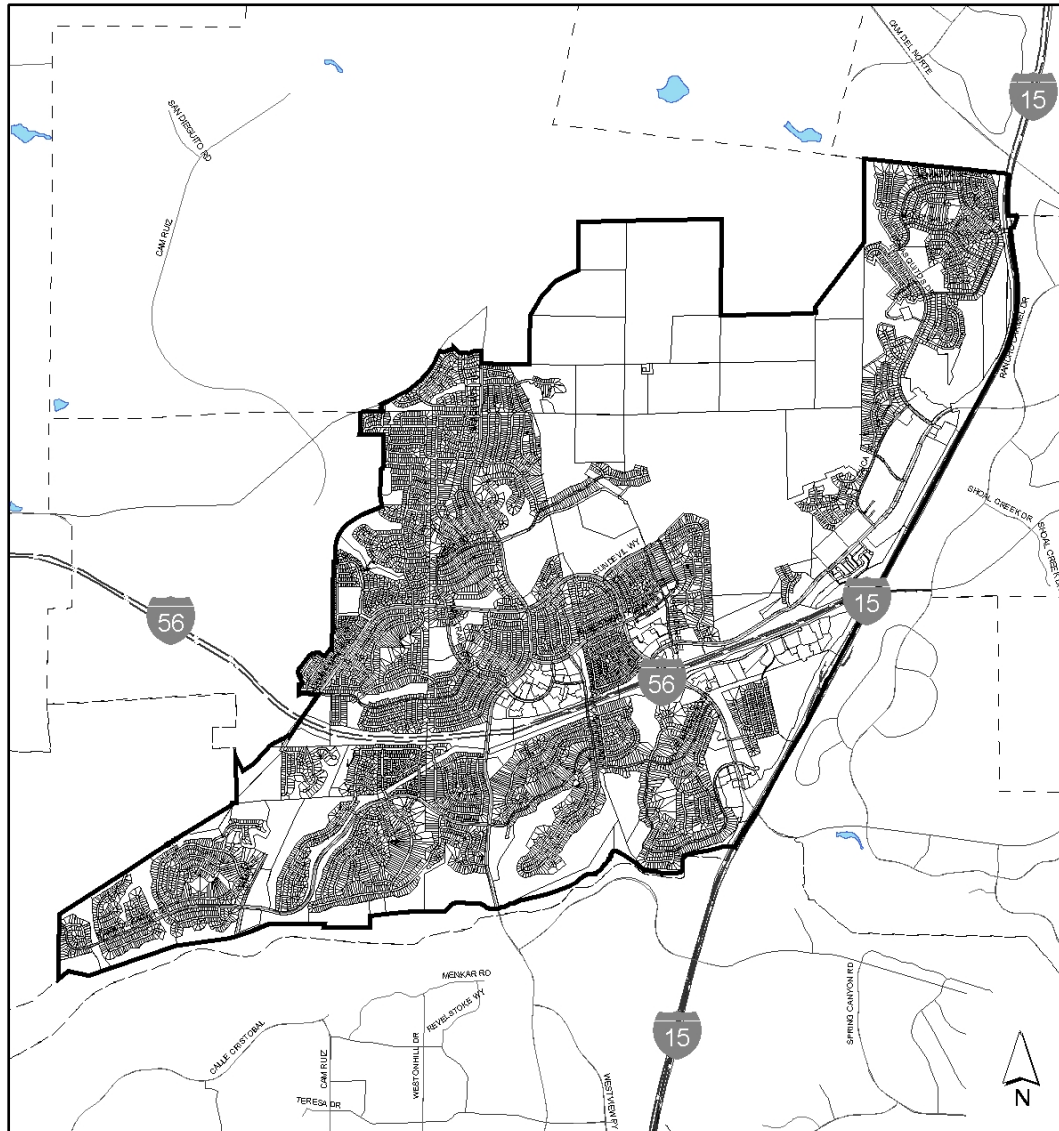
The projected schedule of development for Rancho Peñasquitos is presented in Table 2, page 4. In this table, the number of units developed within a year refers to those applications having building permits issued (paid) during the July-to-June fiscal year. Thus, the number of units developed in 2005 refers to those for which permits are issued, with assessments paid, between July 1, 2004 and June 30, 2005.

Table 2 - Development Schedule

FISCAL YEAR	SFDU	MFDU	CAC
2006	9		
2007	107		3.78
2008	15	342	
2009	17		1.67
2010			9.98
TOTAL	148	342	15.5

Development figures provided for FY 2006 are based upon current year projections.

Figure 1
PROPOSED BOUNDARIES
Area of Benefit



RANCHO PENASQUITOS FACILITIES BENEFIT ASSESSMENT

City of San Diego, County of San Diego,
and State of California

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Assessments

Assessment Methodology – EDU Ratios

An Equivalent Dwelling Unit or EDU ratio has been established for the purpose of spreading the cost of public facilities between the different land use classifications. Equivalent Dwelling Unit ratios have been calculated for each category of facility to be constructed under the FBA because the relationship between land use and the degree of benefit from different public facilities can vary substantially. The single-family dwelling unit (SFDU) is the foundation for all other EDU ratios. Other land use classifications are assigned an EDU ratio per dwelling unit (or acre), proportionate to the respective benefit.

Determination of Assessment Rates

The amount of the FBA assessment is determined by using the following information:

- Development schedule (in dwelling units and acres)
- Composite EDU factors for each land use designation
- Schedule of facility expenditures (in FY 2006 dollars) to be financed with monies from the FBA fund
- Annual interest rate assumption of 2% for FY 06 and FY 07, and 4% for each year thereafter
- Annual inflation rate assumption of 7% for FY 06 and FY 07, (for determining the future costs of facilities that will be constructed) and 4% for each year thereafter
- At the end of each fiscal year (June 30th), unpaid assessments are increased by the inflation factor.

The following are three types of expenses that may be applied against the FBA fund:

- 1) Direct payments for facility costs, including administration of the FBA fund
- 2) Credits to developers for facilities provided in accordance with Section 61.2213 of the FBA Ordinance; and
- 3) Cash reimbursement to developers for providing facilities exceeding the cost of their FBA obligation pursuant to an approved reimbursement agreement.

Therefore, whether a developer or the FBA fund provides a facility, it is treated as an expense to the fund.

An individual developer will pay an assessment to the FBA fund, based upon the number of units, or acres developed in a particular year. Pursuant to the terms of a reimbursement agreement with the City, a developer may be issued credits against an assessment for expenditures related to providing facilities in lieu of paying an FBA. An approved reimbursement agreement with the City may also entitle a developer to cash from the FBA fund.

An **assessment rate** is calculated to provide sufficient money to meet the scheduled, direct payments for facilities provided by the fund. The base assessment rate also considers the timing of credits and reimbursements to be paid to developers for FBA funded facilities. Table 3 presents the FY 2006 Facilities Benefit Assessment rate for Rancho Peñasquitos.

Due to inflation and changes in project scope, the cost for providing facilities may increase over time. Therefore the assessment rate must also increase at the same rate. For liens established subsequent to Council approval of this FBA, the assessment rates (per unit or acre) are shown in Table 4.

Table 3 - FY 2006 Assessment Rate

LAND USE	ASSESSMENT per UNIT/ACRE in FY 2006 DOLLARS
SINGLE FAMILY UNITS	\$18,689 / unit
MULTI-FAMILY UNITS	\$13,083 / unit
COMMERCIAL	\$112,134 / acre

Table 4 - Facilities Benefit Assessments

FISCAL YEAR	\$/ SFDU	\$/ MFDU	\$/ COMM ACRE
2006	18,689	13,083	112,134
2007	19,997	13,998	119,982
2008	20,797	14,558	124,782
2009	21,629	15,141	129,774
2010	22,494	15,746	134,964

Cash Flow Analysis

The Rancho Peñasquitos Cash Flow, Table 7, page 13, presents an analysis of the Rancho Peñasquitos FBA. For each fiscal year during the development of the community, the cash flow shows the difference between accumulated FBA revenues (including earned interest) and capital improvement expenditures. Interest earnings for cash on hand are compounded and based on an estimated 2% annual return.

The City of San Diego considers historic data while predicting the effect of inflation on construction projects. The Los Angeles/San Diego Construction Cost Index (CCI) and the Consumer Price Index (CPI) for San Diego are the two indices used by the City while conducting a cash flow analysis. The historical information associated with the Los Angeles/San Diego Construction Cost Index and the Consumer Price Index for San Diego is shown in Table 5 and Table 6 on page 11.

Since needed facilities are directly related to the community's growth rate, construction schedules of facilities are contingent upon the actual development within the community. Therefore, any slowdown in community development will require modification of facility schedules and a new cash flow will be prepared during a subsequent update to the Rancho Peñasquitos Public Facilities Financing Plan.

Automatic Annual Increases

Facilities Benefit Assessments are evaluated annually and adjusted accordingly to reflect the current economic conditions. For Fiscal Years 2006 and 2007, the proposed increase reflects an inflation factor of 7% per year. For fiscal years beyond 2007, an inflation rate of 4% will be used. This inflation factor is used to provide automatic annual increases in the assessment rate and will be effective at the beginning of each fiscal year (July 1 through June 30). The automatic increase provision is effective only until such time as the next annual adjustment is authorized by the San Diego City Council. Thereafter, the subsequent Council-approved annual adjustment will prevail.

Assessments are calculated and levied against each undeveloped or under-developed parcel based upon the type and size of development, which is expected to occur within the area of benefit. The Rancho Peñasquitos FBA Schedule in Table 4, page 8, shows the projected rate of assessment for each category of land use during each year of community development. For example, the proposed assessment for a single-family dwelling unit developed during FY 2006 is \$18,689, while the assessment for each multi-family unit is \$13,083. The commercial assessment rate per acre is \$112,134.

Assessment Roll Description

For each undeveloped map portion or parcel in the Area of Benefit, the Assessment Listing includes:

- Parcel number
- Name of property owner (according to the County Assessor's records)
- Number of dwelling units or non-residential acres to be developed (according to the "highest and best use" scenario)
- Assessment amount for each parcel.

Identification numbers in the Assessment Listing may be non-sequential as a result of the omission of some parcels after assessments are paid, as ownership changes, or as parcels are subdivided. Information on ownership is listed according to the County Assessor's records at the time the Assessment Listing is prepared, and as shown on the last equalized assessment roll, or as otherwise known to the City Clerk or by other means which the City Council finds reasonably calculated to apprise affected landowners of the hearing (Section 61.2205). The current Assessment Listing is shown in the Appendix of this Financing Plan and begins on page 145.

A Resolution of Designation, when adopted by the City Council, imposes the Facilities Benefit Assessment in the form of a lien that is placed upon the undeveloped or under-developed portions of the County Assessor parcels and final map properties within the Area of Benefit. The assessments are based upon the type and size of forecasted land use of the "highest and best use" scenario.

The maps, plats, and summary of the assessment roll, all of which define the Area of Benefit, will be delivered to the County Recorder for official recording once the updated Public Facilities Financing Plan is approved by the City Council. Collection of the FBA is to occur at the time of building permit issuance, with payment made directly to the San Diego City Treasurer.

Commercial Development

Currently, FBA assessments are paid on a per acre basis for commercial properties. In the event that a landowner desires to proceed with development of a portion of their property, based on a phased development program, which is subject to a lien for the total amount of Facilities Benefit Assessments as provided in Section 61.2210 of the Municipal Code, landowner may obtain building permits for the development phase after paying a portion of the FBA and making provision for payment of the remainder of the FBA to the satisfaction of the City Manager.

Contributions by the City

Contributions made by the City or other public entity toward the cost of facilities are specified in the individual Capital Improvement Project sheets following Table 8, and beginning on page 26.

Table 5 - Los Angeles/San Diego Construction Cost Index

YEAR	CCI	% CHANGE/YEAR
1994	6475	1.79%
1995	6517	0.65%
1996	6522	0.08%
1997	6571	0.75%
1998	6673	1.55%
1999	6832	2.38%
2000	7056	3.28%
2001	7073	0.24%
2002	7440	5.20%
2003	7572	1.77%
2004	7735	2.15%
2005	8234	6.45%

Table 6 - San Diego Consumer Price Index

YEAR	CPI	% CHANGE/YEAR
1994	154.3	2.59%
1995	156.3	1.30%
1996	159.8	2.24%
1997	163.7	2.44%
1998	166.0	1.41%
1999	171.7	3.43%
2000	179.8	4.72%
2001	190.1	5.73%
2002	195.7	2.90%
2003	203.8	4.14%
2004	211.4	3.73%

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Table 7 - Rancho Peñasquitos Cash Flow

FY	SEDU	MFDU	CAC	\$/SFDU	\$/MFDU	\$/CAC	INPUT \$ PLUS INTEREST	PLANNED CIP \$ EXPENSES	NET BALANCE	FY
PRIOR	0	0	0	\$14,949	\$10,450	\$89,571	\$33,970,228	\$30,172,450	\$3,797,778	PRIOR
2001	0	0	0	\$15,227	\$10,659	\$91,363	\$406,133	\$451,182	\$3,752,729	2001
2002	0	0	0	\$14,842	\$10,872	\$93,190	\$245,978	\$142,812	\$3,855,895	2002
2003	0	0	0	\$16,634	\$11,090	\$95,054	\$224,073	\$218,227	\$3,861,741	2003
2004	0	0	0	\$16,634	\$11,644	\$99,804	\$68,888	\$431,255	\$3,499,374	2004
2005	0	0	0	\$17,466	\$12,227	\$104,796	\$67,659	\$1,849,736	\$1,717,297	2005
2006	9	0	0	\$18,689	\$13,083	\$112,134	\$186,769	\$1,763,201	\$140,865	2006
2007	107	0	3.78	\$19,997	\$13,998	\$119,982	\$2,612,452	\$952,300	\$1,801,017	2007
2008	15	342	0	\$20,797	\$14,558	\$124,782	\$5,397,859	\$3,575,426	\$3,623,450	2008
2009	17	0	1.7	\$21,629	\$15,141	\$129,774	\$739,750	\$335,620	\$4,027,579	2009
2010	0	0	9.98	\$22,494	\$15,746	\$134,964	\$1,529,613	\$349,045	\$5,208,147	2010
TOTAL	148	342	15.5				\$45,449,402	\$40,241,255	\$5,208,147	TOTAL

Public Facilities Financing Plan

Purpose

The Public Facilities Financing Plan is prepared to ensure that all owners of undeveloped property will pay their fair share of the funding required to finance the community's needed public facilities. The Financing Plan applies to all property owners seeking to develop property, even if the subject property has an approved tentative or final map detailing its development. The Public Facilities Financing Plan includes the following:

- Development forecast and analysis
- Capital Improvement Program
- Assessment schedule for a Facilities Benefit Assessment.

This report will update the Public Facilities Financing Plan (Financing Plan) and the Facilities Benefit Assessment (FBA) for the development that is planned to occur in the community planning area known as Rancho Peñasquitos.

Development Forecast and Analysis

Development projections are based upon the best estimates of the property owners, developers, and City staff as they judge the future of the land market. Obviously, certain economic factors could adversely affect these development projections. Higher interest rates, higher land and housing prices, an economic recession, and issues involving the transportation thresholds could slow or halt the development rate of Rancho Peñasquitos. Conversely, a period of robust business expansion could significantly increase the rate of development.

Residential

In the FY 2004 Rancho Peñasquitos Public Facilities Financing Plan, the remaining anticipated residential development was estimated at 471 family dwelling units.

For the FY 2006 Rancho Peñasquitos Public Facilities Financing Plan, the anticipated residential development has increased by 19 units to 490 units, including 148 single family units and 342 multi-family units.

Annual Review

The FBA Ordinance in the Municipal Code (Section 61.2212) provides for an annual adjustment of facility benefit assessments. The annual review may reflect:

- Changes in the rate and amount of planned development
- Comparative analysis of City approved discretionary permits
- Changes in the rate of inflation
- Changes in interest rates
- Changes in the scope of the public facilities projects
- Increases or decreases in the actual or estimated cost of public facilities projects

Capital Improvement Program

Future Public Facility Needs

In order to better serve the Rancho Peñasquitos community, public facilities are needed in a number of project categories. Those categories include:

- Transportation
- Park and Recreation
- Sewer
- Water

Project locations are depicted in Figure 2 on page 23 and summarized in Table 8, page 21. Detailed project descriptions can be found in the Capital Improvement Program (CIP) sheets beginning on page 26. The timing associated with individual projects is also summarized in Table 8 and on the corresponding CIP project sheets. Refer to Table 2, page 4, for the current development schedule of the community.

Since needed facilities are directly related to the growth rate of the community, construction schedules of facilities are contingent upon actual development within the community. Therefore, any slowdown in community development will require a modification to the schedule in which needed facilities are planned.

Updated Project Costs

This update includes an analysis, by each of the sponsoring City departments, of the project costs for each public facility project. The costs estimates shown in this update have been revised and consider the following:

- Impact of inflation and increasing cost of construction
- Competitive bids on similar projects
- Modifications, if any, to the overall scope of the project
- Leadership in Energy and Environmental Design (LEED), “Silver Level” standards.

Transportation projects are estimated after the scope of work is determined to be consistent with the Community Plan. Then project improvements are laid out to design standards and material quantities are determined; for example, the length of curbs and gutters, square footage of retaining walls and sidewalks and the like is determined. Next, unit prices for these improvements are applied, which are guided by the median prices received on current City of San Diego construction bid documents. Finally, if required, additional costs are applied for contingencies, mobilization, engineering and administration, right-of-way, bonds and environmental work.

Changes to Capital Improvement Project List

Significant changes to the Capital Improvement Project list are as follows:

4B - Camino Del Sur, Carmel Mountain Road to 1600 Feet North of Park Village Road.

Increase in the estimated total project cost from \$5,415,000 to \$8,798,750. Rancho Peñasquitos FBA contribution increased by \$1,173,000 from \$1,878,000 to \$3,051,000. This represents the first cost increase to the Rancho Peñasquitos Facilities Benefit Assessment since Fiscal Year 1999.

41 – SR-56 Bike Interchanges.

New project. Estimated \$9.85 million dollar project. The total project cost is distributed among five communities, with each share determined by population. The Rancho Peñasquitos share is \$1,750,000. A portion of this project was originally included in the overall SR-56 Project.

39 - Rancho Peñasquitos Playground Upgrades.

Increase in estimated total project costs from \$800,000 to \$1,600,000. The estimate for proposed improvements for each park has increased, with the exception of Adobe Bluffs Neighborhood Park.

Financing Strategy

According to the General Plan and City Council Policy (600-28), the primary responsibility for providing needed public facilities in Planned Urbanizing Areas lies with the developers. As such, the developers have provided many of the needed public facilities for Rancho Peñasquitos as a part of the subdivision process. Public facility projects that benefit a population larger than the local/adjacent development can be financed by using the following alternative methods:

Facilities Benefit Assessment (FBA)

This method of financing fairly and equally spreads costs while following the procedures specified in City Council Ordinance O-15318, as adopted on August 25, 1980. FBAs result in liens being levied on each parcel of property located within the Area of Benefit. While these liens ensure that assessments will be collected on each parcel as development occurs, the liens will be renewed annually with each update to the Financing Plan and will be released following payment of the FBAs.

For the current, approved schedule of Facilities Benefit Assessments by fiscal year, refer to Table 3 on page 8.

Development Impact Fee (DIF)

This method of financing is similar to that of an FBA in that the costs of facilities are spread fairly and equally. Unlike an FBA, a Development Impact Fee does not create a lien on the property for the collection of fees within the Area of Benefit. However, certain time restrictions for expending the revenue apply to DIF fees that have been collected.

Assessment Districts

Special assessment district financing, such as the Municipal Improvement Acts of 1913/1915, may be used as a supplementary or alternative method of financing facilities such as streets, sidewalks, sewers, water lines, storm drains, and lighting facilities. Assessment districts are beneficial in that they provide all of the funding needed for a particular public facility project in advance of the projected development activity. However, assessment districts also create a long-term encumbrance of the benefiting property and require that the funds be repaid over an extended period of time. Assessment districts also require the approval of a majority of the property owners in order to establish the district.

Community Facility District (CFD)

State legislation, such as the Mello-Roos Act of 1982, has been enacted to provide a method of financing public facilities in new and developing areas. A Mello-Roos is also known as a Community Facility District (CFD). The formation of such Community Facility Districts may be initiated by owner/developer petition. Mello-Roos districts also require the approval of a majority of the property owners in order to establish the district, as clarified by Council Policy 800-3.

Developer Construction

With approval of the San Diego City Council, developers may elect to construct some public facility projects in lieu of, or for credit against, paying a Facilities Benefit Assessment (Council Policy 800-12). Facility costs in excess of the FBA fee obligation may be reimbursed to the developer from the FBA fund, subject to the availability of funds and pursuant to the terms of a Council-approved reimbursement agreement.

Reimbursement Financing for Water and Sewer Facilities

This method of financing is outlined in Council Policy 400-7. It is commonly used when the first developer/sub-divider in an area is required to construct the necessary water and sewer facilities for an entire developing area. These agreements are approved by the San Diego City Council. Reimbursement to the first developer/sub-divider can occur over a period of time as long as 20 years or until all of the subsequently developed lands have participated in the reimbursement, whichever occurs first.

State/Federal Funding

Certain public facilities may be determined to benefit a regional area that is larger than the community planning area. Such projects may be appropriately funded by either the state, federal government, or by a combination of the two. State Route 56 (Project 27), for example, has been shown in this financing plan as having state funding.

Cost Reimbursement District (CRD)

Occasionally, a developer/sub-divider is directed to construct public improvements that are more than that which is required to support their individual property/development. A Cost Reimbursement District provides a mechanism by which the developer/sub-divider may be reimbursed by the property owners who ultimately benefit from the improvement. Reimbursement is secured by a lien on the benefiting properties with the lien due and payable only upon recordation of a final map or issuance of a building permit, whichever occurs first.

Development Agreement

This method permits a developer to enter into an agreement with the City of San Diego where certain rights of development are extended to the developer in exchange for certain extraordinary benefits given to the City.

General Assumptions and Conditions

In connection with the application of the above methods of financing, the following general assumptions and conditions will be applied:

1. Except for those projects that are identified as FBA funded, developers will be required to provide facilities that are normally provided within the subdivision process as a condition of tentative subdivision map approval. These projects include but are not limited to traffic signals (except as noted), local roads, and the dedication or preservation of Open Space located within the proposed development(s).
2. Commercial land will be assessed FBAs for infrastructure, including transportation, police, fire, and utility facilities. However, developers of commercial land will not be assessed for park and recreation or library facilities since those facilities primarily serve the residential component of the Rancho Peñasquitos community. In the future, if a basis is developed for charging non-residential development for the cost of park and recreation and library facilities, their fair share will be evaluated at that time.
3. Annual reviews may be performed to evaluate performance of the program and to consider the continuing commitments related to the completion of needed facilities. Project costs and assessments shall be evaluated for all portions of the program.
4. The developer, or permittee, shall pay the FBA as a condition of obtaining building permits.
5. A developer, or group of developers, may propose to build or improve an FBA funded facility that is identified in the Capital Improvements Program. Upon City Council approval, the developer(s) may enter into an agreement to provide the facility in lieu of, or as credit against the payment of FBA fees, provided that adequate funds are available in the FBA fund. The amount and timing of the credit being sought by the developer(s) must coincide with the expenditure of funds depicted on the CIP sheet for the respective project. Should the approved, final cost of the facility exceed the amount of credit

being sought by the developer(s), the developer(s) may be reimbursed from the FBA fund for the difference, subject to the reimbursement agreement and the availability of funds. If two developers are entitled to cash reimbursement during the same fiscal year, then the first agreement to be approved by the City Council shall take precedence over subsequent agreements approved by the City Council.

6. As FBA assessments are collected, they shall be placed in a City fund that provides interest earnings for the benefit of Rancho Peñasquitos.
7. At the time of building permit issuance, an FBA credit will be provided in the amount of any “Park Fees” collected pursuant to Sections 96.0403 and 102.0406.06.01 of the San Diego Municipal Code (adopted by Council Resolution R-261231 on July 23, 1984) because the FBAs shown in this Financing Plan provide for 100% funding of the acquisition and improvement costs addressed in the above referenced Municipal Code sections.
8. The Development Schedule, shown in Table 2 on page 4, is an estimated schedule and is based on the latest information available at the time this Financing Plan was adopted. Future approvals and/or modifications of precise plans and/or discretionary permit applications may either increase or decrease the extent of development proposed within Rancho Peñasquitos.
9. Most public facilities identified in the Financing Plan are either “population based” or “transportation based”. The estimated year(s) in which funds are budgeted for a given project should not be considered as a binding commitment that the project would actually be constructed in that year. With each annual update, actual permit activity and corresponding population projections, coupled with additional traffic study information obtained since the last update, will be evaluated to determine the most appropriate year in which to budget the need for each remaining project. As such, the budgeted year for a given project is subject to change with each update to the Financing Plan.
10. Only those roadways that have been designed as circulation element roadways per the Rancho Peñasquitos Community Plan have been considered in this Financing Plan as being funded or partially funded by the FBA. All other roadways located within Rancho Peñasquitos will be the responsibility of the developer/sub-divider and are not reflected in the FBA calculations.

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